

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 0241-01
Bill No.: HB 99
Subject: Health Care; Insurance - Medical; Hospitals
Type: Original
Date: March 26, 2013

Bill Summary: This proposal relates to requirements for health carriers and health care providers.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2014	FY 2015	FY 2016
General Revenue	(Unknown greater than \$1,738,500)	(Unknown greater than \$3,477,000)	(Unknown greater than \$3,477,000)
Total Estimated Net Effect on General Revenue Fund	(Unknown greater than \$1,738,500)	(Unknown greater than \$3,477,000)	(Unknown greater than \$3,477,000)

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2014	FY 2015	FY 2016
Insurance Dedicated	Up to \$15,000	\$0	\$0
Other State Funds	(Unknown greater than \$427,500)	(Unknown greater than \$855,000)	(Unknown greater than \$855,000)
Total Estimated Net Effect on <u>Other</u> State Funds	(Unknown greater than \$412,500)	(Unknown greater than \$855,000)	(Unknown greater than \$855,000)

Numbers within parentheses: () indicate costs or losses.
This fiscal note contains 7 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2014	FY 2015	FY 2016
Federal Funds	(Unknown greater than \$684,000)	(Unknown greater than \$1,368,000)	(Unknown greater than \$1,368,000)
Total Estimated Net Effect on <u>All</u> Federal Funds	(Unknown greater than \$684,000)	(Unknown greater than \$1,368,000)	(Unknown greater than \$1,368,000)

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2014	FY 2015	FY 2016
Total Estimated Net Effect on FTE	0	0	0

Estimated Total Net Effect on All funds expected to exceed \$100,000 savings or (cost).

Estimated Net Effect on General Revenue Fund expected to exceed \$100,000 (cost).

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2014	FY 2015	FY 2016
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Department of Insurance, Financial Institutions and Professional Registration** assume that this proposal would require insurers to submit amendments to their policies to comply with legislation. Policy amendments must be submitted to the department for review along with a \$50 filing fee. The number of insurance companies writing these policies in Missouri fluctuates each year. One-time additional revenues to the Insurance Dedicated Fund are estimated to be up to \$15,000.

The adoption of this proposal would result in an increase in consumer inquiries, investigations and discipline cases, the department believes it could absorb the workload within existing appropriations. However, should the extent of the work be more than anticipated, the department would request additional appropriation and/or FTE through the budget process.

Officials from the **Department of Corrections, Missouri Department of Conservation and Department of Health and Senior Services** each assume the current proposal would not fiscally impact their respective agencies.

Section 376.393

Officials from the **Missouri Consolidated Health Care Plan (HCP)** state their department does not have a primary source of research to determine the fiscal impact of this legislation; however, a search of the literature indicates probable fiscal impact as demonstrated in other studies. Research indicates any willing provider laws have increased the cost of health care by varying degrees.

HCP contracts with vendors whose provider networks are subject to these laws, so HCP assumes this legislation will have an impact on its health care expenditures. HCP assumes it will be required to pay increased administrative fees from health carrier vendors to cover the cost of negotiating, credentialing and servicing additional providers. HCP also assumes a decrease in the level of discounts provided by its vendors due to a vendor's inability to selectively contract. HCP assumes the impact to its medical plans may be less compared to plans with more limited networks because HCP networks include a substantial number of providers.

Based on these assumptions, HCP applied a conservative estimate of a 1.5 percent increase in overall health care costs, including prescription drugs, to calculate fiscal impact. The fiscal impact to HCP is unknown but greater than \$5.7 million annually.

ASSUMPTION (continued)

The fiscal impact to state employees and retirees is estimated at \$1.8 million annually. For HCP's public entity membership, the annual fiscal impact of this legislation is unknown but greater than \$121,000.

Oversight assumes the costs estimated by MCHCP would be distributed across state funds in the following percentages:

General Revenue	61% of \$5,700,000 = \$3,477,000
Other State Fund	15% of \$5,700,000 = \$855,000
Federal Funds	24% of \$5,700,000 = \$1,368,000

Oversight assumes the provisions of this proposal would become effective January 1, 2014; therefore, we will reflect six months of impact in FY 2014.

Section 376.1425

HCP already requires health plans to provide member access to an online provider network directory. HCP also encourages members to verify provider network status by accessing the online directories or by contacting their health plan or provider prior to receiving services. The provisions in this section do not fiscally impact HCP.

<u>FISCAL IMPACT - State Government</u>	FY 2014 (10 Mo.)	FY 2015	FY 2016
GENERAL REVENUE FUND			
<u>Costs - HCP</u>			
Increased health care expenditures	(Unknown greater than <u>\$1,738,500</u>)	(Unknown greater than <u>\$3,477,000</u>)	(Unknown greater than <u>\$3,477,000</u>)
ESTIMATED NET EFFECT ON GENERAL REVENUE FUND	<u>(Unknown greater than \$1,738,500)</u>	<u>(Unknown greater than \$3,477,000)</u>	<u>(Unknown greater than \$3,477,000)</u>

OTHER STATE FUNDS

Costs - HCP

Increased health care expenditures	(Unknown greater than \$427,500)	(Unknown greater than \$855,000)	(Unknown greater than \$855,000)
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ESTIMATED NET EFFECT ON OTHER STATE FUNDS

<u>(Unknown greater than \$427,500)</u>	<u>(Unknown greater than \$855,000)</u>	<u>(Unknown greater than \$855,000)</u>
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FEDERAL FUNDS

Costs - HCP

Increased health care expenditures	(Unknown greater than \$684,000)	(Unknown greater than \$1,368,000)	(Unknown greater than \$1,368,000)
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ESTIMATED NET EFFECT ON FEDERAL FUNDS

<u>(Unknown greater than \$684,000)</u>	<u>(Unknown greater than \$1,368,000)</u>	<u>(Unknown greater than \$1,368,000)</u>
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INSURANCE DEDICATED FUND

Revenues - DIFP

Amendment Filing Fees	<u>Up to \$15,000</u>	<u>\$0</u>	<u>\$0</u>
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ESTIMATED NET EFFECT ON INSURANCE DEDICATED FUND

<u>Up to \$15,000</u>	<u>\$0</u>	<u>\$0</u>
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FISCAL IMPACT - Local Government

FY 2014 (10 Mo.)	FY 2015	FY 2016
<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

FISCAL IMPACT - Small Business

No direct fiscal impact to small businesses would be expected as a result of this proposal.

FISCAL DESCRIPTION

This proposal requires a health carrier to provide each contracted health care provider, including a licensed pharmacy and home health agency, Internet access to the carrier's standard fee schedule, specific to the provider's geographic area, that reflects the current payment rates for all goods and services. All contracted providers in the geographic area must be paid at those rates with specified exceptions. The fee schedule cannot include a rate for a specific good or service that is less than the lowest contracted rate for a specific good or service in a geographic area if all of the providers in the area have different individually contracted rates. A health carrier cannot refuse to contract with any Missouri provider who is located within the geographic coverage area of the health benefit plan and is willing to meet the terms and conditions for participation in the health benefit plan if the provider is willing to be paid a reimbursement rate equal to 99% of the specified standard rates. Every health care provider who refers a patient to a medical facility for health care services must fully inform the patient of every medical facility within the health carrier's or health benefit plan's provider network at which the provider has privileges to provide the services for which the patient is being referred and which are medically appropriate. A health care provider must fully inform an uninsured patient of every medical facility at which the provider has privileges to provide the services for which the patient is being referred and which are medically appropriate. A health care provider must provide the health care services at the medical facility of the patient's choosing.

If the medical facility referred to and selected by a patient is in the provider network and is medically appropriate for the health care service to be provided, no referral by a provider or selection of a facility by a patient can be required or otherwise be restricted by the health carrier or plan. A carrier or plan cannot discriminate between all medically appropriate facilities regarding benefit coverage or reimbursement for provider services for the same health care service.

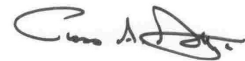
A health care provider, health carrier, or health benefit plan will be subject to licensure sanction for failure to comply with the provisions of the proposal.

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

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SOURCES OF INFORMATION

Department of Health and Senior Services
Department of Insurance, Financial Institutions and Professional Registration
Missouri Consolidated Health Care Plan
Department of Corrections
Missouri Department of Conservation



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Acting Director
March 26, 2013

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